

STATEMENT OF PURPOSE

RS19626

The purpose of this legislation is to create an independent public body corporate and politic to be known as the Micro Enterprise Development Authority (MEDA). The legislation specifies the authorities of the MEDA including the ability to make loans of \$35,000 or less to small businesses for creation or expansion. The legislation defines small businesses as a business with fewer than 50 employees. The MEDA is also given the authority to bond while using the state's sales tax account for underwriting purposes. The bonding authority is limited to only 2% of a three year average of the state's sales tax account. Finally, the legislation creates a job creation incentive of \$2,500 for jobs that are created and maintained for an entire year and pay at least the annual average wage as reported by the Division of Financial Management.

FISCAL NOTE

In the event that a job is created, there is a direct deduction of \$2,500 from the state sales tax account. This amount is nearly equal to the amount of income tax liability making the total fiscal impact minimal. The MEDA in and of itself has no fiscal impact due to being required to maintain reserves in an amount equal to all outstanding loans.

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